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ECONOMIC AFFAIRS

No. 311



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15 February 1983

CHINA REPORT ECONOMIC AFFAIRS

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ECONOMIC PLANNING

JIANGSU'S ECONOMIC PRIORITIES FOR 1983 REPORTED

Nanjing XINHUA RIBAO in Chinese 20 Dec 82 p 1

[Article: "Provincial Economic Work Must Progress Further Next Year"]

[Text] The Jiangsu Provincial government called a conference of its municipal leaders, specialists, and county leaders to discuss the organization of the province's economic tasks for 1983. The conference called for the adherence by all levels of government in the province to the spirit of the 12th National Congress and the 5th Session of the 5th People's Congress. It asked that all should do their best in 1983 to ensure neither production nor reform is forgotten so that there will be new progress in the new year. Acting Provincial Minister Comrade Han Peixin [7281 1014 0207] spoke near the end of the conference. In addition, Comrade Xu Jiadun [6079 1367 7319] talked on structural reorganization and the reform of our economic system.

The conference lasted from the 7th to the 17th, a total of 11 days. Participants at the conference included not only municipal, county government and regional administrative leaders, but also provincial, prefectural, municipal, and county officials who were in charge of planning, transportation, agriculture, commerce, finances, and foreign trade, totalling some 600 people. Attendees were enlightened by study of the relevant central and state council directives and the spirit of relevant speeches by central and state council leaders. Their confidence in the new economic objectives was strengthened. Comrades Gu Xiulian [7357 4423 5571], Zhou Ze [0719 3419], Zhou Yifeng [0719 0001], Jin Xun [6855 6676], and Liu He Geng [0491 0735 6342] spoke on goals for the province's industry, agriculture, planning, finances, commerce, and foreign trade in 1983.

Comrade Han Peixin in his concluding statement pointed out that 1983 is the first year of a new era of over all modernization announced by our party's 12th National Congress. It is also the first year in which a new constitution has been set forth for long-term peace and stability in our country. This year's tasks are of major importance. This is because in our pursuit of the objectives established by the 12th National Congress, we must lay down a firm foundation in the first 10 years. Two of these 10 years have passed, eight remain. There are three left in our sixth 5-year plan. The next year is a very important one. In this coming year, our tasks will be great, involved, and difficult. We must make new progress in the new

year. No matter what line of work, what area, what production unit, and what department we are in, we must assign this new task to ourselves: for the new year, we must have new hopes, attain new accomplishments, make new contributions, and bring new glory to our great cause. This is our general directive for 1983. As a result, our overall economic goal for the new year is to ensure the national economic development is no less than our 1982 level. This means speed and effectiveness are to be unified, that is, we cannot just concentrate on production targets or only on production values.

Comrade Han Peixin pointed out that agriculture is the foundation of our economy. This premise should never be forgotten. Even though agriculture does not make up a major share of the total value of our gross national output, it should not be ignored in our effort to quadruple our gross national production. We cannot lapse in our agricultural production next year just because we have a bumper crop this year. Wherever prefectural and municipal organs are linked together, leadership of the agricultural section must never be weakened. At present, our agricultural sector is doing well, yet, its potential is still great. It has a lot to offer. Agriculture is not like industry: we cannot wait until the last ten years to start putting on speed. All we have to do is to choose correct policies, follow our strategy for "continual growth in grain production and economic diversification." In this way, agriculture can maintain a fairly high degree of increase. To develop the agricultural sector, we must concentrate on the following in the next year:

(1) Continue our effort to liberalize our thinking. Proceed to develop a sound system of agricultural production accountability. Wherever we are, if our people request general contract or assigned work contract work, it should be allowed. We should support the development of specialized households, key households, as well as the new economic unions. These production organizations can benefit from more liberal government policies, from activist leadership in work, and facilitation of production.

(2) Ensure steady growth in grain production. We must stabilize planted acreage of grains. Even though a bumper crop is realized in one year, we must see that food grain acreage is not diverted to cash crop acreage. We must restrict the use of arable land for housing development. We must guide our farmers to improve their production conditions, to lay a foundation for continual stable, high yields.

(3) We need three breakthroughs in diversified production. That is, fisheries, forestry, and animal husbandry (especially herbivorous livestock), set up quota systems for cash crops, and stimulate people's enthusiasm.

(4) Emphasize research on agricultural technologies and their applications; in particular, emphasize technology that promotes economic diversification.

In terms of industrial development, Comrade Han Peixin said our focus will be on raising economic effectiveness. Overall economic effectiveness of the industrial sector manifests itself in high quality, low consumption,

salability, and profitability. This means we must synchronize supply and demand, economize in the consumption of fuels and raw materials, and increase government revenues and benefit our consumers. To do this, we must do well in the reform and reorganization of our enterprises; emphasize technological improvement; encourage cooperation and coordination between manufacturers and traders; and organize orderly marketing. In addition, we must restrict the use of investment capital in nonessential construction; we must be resolutely determined to stop the blind expansion of general industrial processing enterprise; we must ensure that fiscal surpluses are used only in important development projects and for technological advancement, and the investment in human capital. We must reform the system of state enterprises; at the same time, encourage cooperative commercial activities, assist in various commercial developments; the urban restaurant industry and other service industries should institute the economic contract system as quickly as possible.

In conclusion, Comrade Han Peixin talked about structural organizational reform, the reform of our economic system, the upgrading of our leadership, and the strengthening of our spiritual civilization. He asked that all leading cadres, be they in the frontlines, second or behind the lines, try their best to work for our country and to contribute to the accomplishment of its great goals.

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CSO: 4006/185

ECONOMIC MANAGEMENT

ACCOUNTABILITY SYSTEM ENCOURAGED IN GUANGZHOU

Guangzhou NANFANG RIBAO in Chinese 28 Nov 82 p 1

[Article by Commentator: "A New Mode of Commercial Operation"]

[Text] The ten state-run restaurants and eateries in the city of Foshan have recently implemented a contract accountability system. Within a short time, this system has effectively raised the quality of services and significantly increased economic effectiveness. This shows that if we proceed to implement our policies and upgrade the management system, we will be able effectively to improve our commercial operations.

Since the Third Plenary Session of the 11th Party Central Committee, our province has attained good results in our commercial operations. Nevertheless, problems still exist. This is because the erroneous "leftist" influence has not been completely eradicated; ideology has not been able to meet the demands of the current situation. One example is that there has been no breakthrough as concerns the notion of ("Eating from one big pot") and egalitarianism. Problems of bureaucratic "red tape" and poor service have not been solved. Some of the comrades still adhere to the old stereotypes. They have strong reservations about implementing the central directive for liberalizing policies and commercial management reforms. They worry the new policies will depart from the path to socialism. For this reason, they have a passive, indifferent attitude and are making little progress. Their concerns are unwarranted.

We should know socialist commercialism must travel a Chinese path. This means state-run enterprises are the mainstay, supplemented by diversified economic forms, types of management and infrastructures. The contract accountability system implemented in the state-run restaurant industry is one example of economic diversification. As the experience in Foshan food service industry illustrates, after the contract accountability system was implemented, there was no indication of dishonest practices or that it led us away from socialism. On the contrary, as this system links together economic effectiveness with workers' compensation, this raises workers' enthusiasm and significantly improves operational performance. The results are better service, a greater variety of food, better sanitation, more business, market prosperity, and more convenience for the people. We must deeply understand the necessity for economic diversification in the socialist

era. We must abandon the old idea of all commercial activities being state operated. We must liberalize our thoughts and liberalize our policies. We must work toward a breakthrough in implementing a contract accountability system in our commercial enterprises.

Some comrades worry that as the contract accountability system is implemented, government revenues will decrease, while retained earnings and workers' incomes will increase too much. Again, this is an example of the restricted "leftist" thought. The contract accountability system is implemented under the direction of government agencies. As in the case of the restaurant industry in Foshan, the system begins with clearly a greed reform sales target, as well as for profit contributions to the government. It guarantees increases in government revenues before retained earnings and wages rise. Failure to achieve them means cuts in wages for management and workers. This accountability system, therefore, serves the interrelated interests of the state, the enterprise, and the workers. In implementing the accountability system, we must encourage improvements in management and the enhancement of economic effectiveness. Once the contract is established, and after taxes and contributions to the government are made then the greater the profits, the greater the distributions. This follows the principle of pay in accordance with work. It provides an incentive to workers to perform better.

A contract accountability system set up in an enterprise represents a new mode of commercial operation. We must thoroughly understand its significance. Of course, due to our lack of experience, we initially will encounter problems in implementing it. Nevertheless, these are just problems one faces in any progress one makes. We need to enthusiastically analyze and to summarize our experiences and to improve on them so that a sound system can be developed.

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CSO: 4006/136

ECONOMIC MANAGEMENT

BEIJING RESTRUCTURES METALLURGICAL INDUSTRY

OW200645 Beijing XINHUA Domestic Service in Chinese 1230 GMT 18 Jan 83

[Text] Beijing, 18 Jan (XINHUA)--The Beijing Municipal People's Government has decided to readjust and restructure the management system of the municipality's metallurgical industry. According to a decision formally announced today, the Metallurgical Industry Bureau was to be abolished beginning on 1 January. The iron and steel enterprises under the Metallurgical Industry Bureau are to be merged with the Shoudu Iron and Steel Corporation and subject to unified leadership by the latter. The nonferrous metals enterprises under the bureau are to be merged to form the Nonferrous Metals Industrial Corporation.

This is an important measure taken by the Beijing Municipality in further implementing the national economic readjustment policy and carrying out the four instructions by the Secretariat of the CPC Central Committee for construction of the capital.

For years, the iron and steel enterprises in Beijing Municipality have been subordinated to the Shoudu Iron and Steel Corporation and to the Metallurgical Industry Bureau respectively. The Metallurgical Industry Bureau was led by Beijing Municipality, while the Shoudu Iron and Steel Corporation was jointly led by Beijing Municipality and the Ministry of Metallurgical Industry. Hence, the channels of raw material supply and product distribution of the two were different. After analyzing the pros and cons for the coexistence of the two, the municipal government decided to put all the iron and steel enterprises in Beijing under management by the Shoudu Iron and Steel Corporation. As a result, the merger has reduced the number of levels of management, raised economic returns, readjusted the municipality's metallurgical industry, improved the work for technical transformation and environmental protection of the capital and promoted the development of the nonferrous metals enterprises.

CSO: 4006/217

ECONOMIC MANAGEMENT

NEI MONGGOL FIRM CITED FOR DISCARDING OLD PRACTICES

HK260852 Beijing RENMIN RIBAO in Chinese 24 Jan 83 p 2

["Short" commentary: "Be Brave in Breaking Away From a Set of Old Practices"]

[Text] The Hohhot city brewery uses distillers' grain to breed oxen. This is a new thing as well as a good thing, for it not only facilitates the development of comprehensive utilization of resources in the brewery, but also increases the supply of fresh beef to the market. However, this good thing is not permitted in Jining, another city that is also in Nei Monggol.

There seems to be sufficient reasons for refusing to give permission to the brewery there to breed oxen. However, if we make only a little effort to actually analyze these reasons, we will see that they all serve to defend old and outdated regulations and systems. For example, it is upheld that oxen are a kind of commodity of the second category and the production of oxen should therefore be carried out under the unified management of the foodstuff company.

We often say that we should break away from the old conventions that are not suited to the new situation. However, some of our comrades always stay in a rut in the face of new things and dare not deviate, even to the slightest extent, from old practices. Now an important task for the leading groups of our economic departments at all levels is to conscientiously study and analyze the ideas that have guided the business in their departments and the regulations and systems there in order to discover which are appropriate and which are inappropriate and out of date because of changes in the current situation. In short, we should be willing to assimilate all the new ideas and new experiences as long as these ideas and experiences are suited to the requirements of the new historical tasks and the revolutionary practice. All the old conventions and regulations should be reformed if they do not satisfy the requirements of the new historical tasks and revolutionary practice. Clinging to prevent change and applying the old set of methods is detrimental to the development of the economy and will hinder the enlivening of the market and make it impossible for us to satisfy consumption demand, let alone the creation of a new situation.

We should emancipate to a greater extent, our minds and have more courage to carry out the reform. We should study hard new things, create new experiences and be brave to do what has been proved by practice as being really rational and feasible. By so doing, we will be able to do some good things to benefit the state and the people at a great speed.

CSO: 4006/218

BEIJING TAX EXPERIMENT SHOWS ECONOMIC RESULTS

HK270248 Beijing CHINA DAILY in English 27 Jan 83 p 2

[Text] Since mid-1980, 10 state-owned enterprises in Beijing have been experimenting with the new system of substituting taxes for delivery of profits to the state and assuming sole responsibility for profits and losses. In 2 1/2 years, they have shown a marked improvement in economic results. The 10 enterprises pay four taxes and two fees while fulfilling the state quota.

The four taxes are: Industrial and commercial tax, tax for readjusting profit rate, income tax of 40 percent of total earnings, and 5 percent urban construction tax.

The two fees are: Two yuan per thousand of the total income for use of fixed funds and another two to five yuan per thousand for use of circulating funds.

Enterprises must pay these taxes and fees first. Then they must pay back loans and interest. The rest of the income is retained as profit and is used to expand production, pay bonuses and rewards, and maintain the welfare fund.

Output Value

From 1979 to 1981, output value of the 10 enterprises increased 11.5 percent on average, and profits increased 16.5 percent, which is more than among enterprises that share their profits with the state. In addition, the state got 82.4 percent of the 10 enterprises' total profits, which is more than from the others.

The new system has effectively promoted enterprises to meet the demands of the market, readjust their products, improve management and adopt more advanced technology. One enterprise, for instance, had been considering making new products for years, but had never tried. However, it began to do so in 1982 when the new system was adopted.

By the beginning of 1981, these 10 enterprises had accumulated 69.09 million yuan (\$35.43 million), 23.3 percent more than at the start of 1980. Of these, 31.77 million yuan (\$16.29 million) or 46 percent were used for technical renovations, pollution control and improvement of products, and 11.9 million yuan (\$6.10 million) or 17.2 percent were used to build workers' residences.

One factory with serious pollution problems spent more than 2.36 million yuan (\$1.43 million) in 1981 on anti-pollution measures.

CSO: 4020/46

ECONOMIC MANAGEMENT

ECONOMIC EFFECTIVENESS STRESSED AS KEY TO ECONOMIC GROWTH

Shanghai JIEFANG RIBAO in Chinese 22 Dec 82 p 1

[Article: "Put Primary Stress on Enhancement of Economic Effectiveness"]

[Text] To remain steadfast in our pursuit of the objective of national development; to emphasize the enhancement of economic effectiveness as our top priority; to consolidate and expand stable economic success; to maintain our targeted rate of economic growth; to start on our new foundation, raise our sights, and create a new era of the material and spiritual civilization: These are the goals to be accomplished in 1983, as announced to cadres and the general populace by the city committee and the city government at a meeting for cadres on 21 December.

City committee members and city government leaders who attended the meeting included: Chen Guodong [7115 0948 2767], Wang Daohan [3076 6670 3211], Han Zheyi [7281 0772 0001], Yang Shifa [2795 1102 3127], Chen Jin Hua [7115 6930 5478], Yang Kai [2799 1956], and Xin Yuanxi [1823 0337 6932].

The meeting focused on policies necessary to accomplish the targets set in the economic plan for 1983. It was suggested that the following activist approach was appropriate: Following the principles of meeting market demand, economy in the use of fuels, raw materials, and transport, avoiding "3 wastes", being technology-intensive, labor-intensive, and export-profitability, to reorganize our product structure, technological and management structures to allow for the redirection of economic growth from quantity increases to quality improvements, variety increases, and production of new generations of products; speed up the upgrading of technical personnel, improve technology. Productive development must change from depending upon expansion of production capacity to mainly relying upon advancements in science and technology. In addition, to fully utilize Shanghai's superiority as a central city and harbor, we must promote foreign trade, utilize foreign capital, and attract advanced foreign technologies. In this way, the focus of Shanghai's economic development will shift from domestically-based markets and resources to international markets and foreign resources. We must properly enforce urban planning, adjust the distribution of industries, continue strengthening the energy, transportation, and construction materials and construction industries. We must expand the scope of our city's economic activities from the 141 square kilometer

downtown area to cover the entire municipal area of 6,100 square kilometers, while cooperating with our neighboring regions. While speeding up our material economic modernization, we should pay attention to our spiritual growth so as to ensure parallel development in our economy and society.

Comrades Chen Guodong and Wang Daohan spoke at the meeting. They separately pointed out that 1983 is the crucial year for our sixth 5-year plan. We must continue to grow during reorganization. We cannot waiver. Maintaining our targeted rate of growth accords with the CPC plan of laying a foundation during the first ten years, and it is in keeping with Shanghai's actual conditions. This city has made progress in the past two years; this year more than last year. Our experience shows that we need to work hard and to work together. All sectors need to complement one another. All units need to do their best to ensure the realization of our goals for next year. We must work toward improving our technology, introduce new products, and make them competitive in the market.

The two comrades also pointed out that the emphasis for economic development in 1983 is on enhancing economic effectiveness. In 1983, all enterprises must straighten out their quotas, strengthen their management, implement a system of accountability throughout production stages, and properly administer it. In 1983, every enterprise, every industry, every production shop, and every individual should resolutely work toward saving fuels and raw materials, cutting production costs, and raising economic effectiveness. The comrades added that to ensure economic growth and enhancement of economic effectiveness, we must rely on technological advancement and encourage its introduction in the country, understanding it, assimilating it, and improving it. We must fully utilize the intellectuals and encourage their enthusiasm for our efforts.

The comrades indicated that our levels of production have been good in 1982. We are still doing well. Nevertheless, we must not lapse in our efforts. There are still 10 days left in this year; we must work hard to realize our targeted growth of 4 percent for 1982. Our goals for 1983 are very ambitious. Leaders will have to mobilize all resources from the outset to work toward accomplishing our next year's economic production targets.

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CSO: 4006/185

FINANCE AND BANKING

BRIEFS

HEILONGJIANG SAVINGS DEPOSITS--By the end of December 1982, the total savings deposits of the urban people had reached 2,241,000,000 yuan. According to statistics compiled by 10 municipalities and cities in Heilongjiang Province, by the end of November 1982, the number of savings accounts had increased 18.3 percent as compared with the beginning of the year. At present, the per capita savings deposits of the urban people is 168 yuan, an increase of 1.3 times as compared with the 73.6 yuan in 1978. [SK040019 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 2 Jan 83]

RURAL BANK DEPOSITS JUMP--Last year, the economic situation in our region's rural areas was very good and the total amount of the bank deposits of our region's rural commune members increased sharply. By the end of the year, it reached 223,35 million yuan, 30-42 more than that at the end of the year before and 280 percent more than that at the end of 1978. It set a new record. The per capita average of bank deposits amounted to 31.22 yuan, an increase of 29.06 over the year before. More than 70 percent of the deposits were fixed ones. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 13 Jan 83]

SHAANXI BANK ALLOCATES FUNDS--This year, the Shaanxi branch of the Chinese Agriculture Bank decided to allocate two special funds to energetically support scientific farming in the province. One of the allocations, amounting to 10 million yuan, will be used for improving the soil of 4 million mu of farmland in the northern area of the Wei River. The other, amounting to 20 million yuan, will be used to help the masses purchase plastic sheets and improved varieties of cotton seed. The bank also allocated 1 million yuan to Hu County and 1.8 million yuan to Sanyuan County for purchasing mulberry seedlings. [HK111514 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 10 Jan 83]

CSO: 4006/217

MINERAL RESOURCES

BRIEFS

HEILONGJIANG GOLD MINING--Since the third plenum, a large number of households in Heilongjiang Province's Huma County have been engaged in gold mining. In 1982, the county mined 302 liang of gold, an increase of 112 liang over 1981. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 6 Jan 83]

NEI MONGGOL GOLD OUTPUT--In 1982, Nei Monggol Autonomous Region overfulfilled its annual gold production plan by 16 percent, a 26.8 percent increase over 1981 and topping the highest level in history. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 21 Jan 83]

LIAONING GOLD MINING--Beipiao County, Liaoning Province, mined 10,700 liang of gold in 1982, ranking first in the province. According to statistics, 4,000 persons of 15 communes in this county engaged in gold mining in 1982, selling 785 liang of placer gold to the state, doubling the 1981 figure. [SK130750 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 9 Jan 83]

CSO: 4006/217

INDUSTRY

BRIEFS

LIAONING PETROCHEMICAL INDUSTRY--In 1982, petrochemical industrial fronts of Liaoning Province scored marked achievements. Comparing 1982 with 1981, the total output value and profits respectively increased by 7 and 11.4 percent. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 1 Jan 83]

LIAONING MACHINERY PRODUCTS--Liaoning machinery industrial enterprises trial-produced some 700 new varieties of products and some 90 varieties of highly efficient, energy-saving machinery products in 1982. At present, Liaoning Province has 5,500 machinery plants whose total output value accounts for 1/4 of the province's total industrial output value. About 21 national machinery research institutes were established in Liaoning to help improve the province's technological standards. This province's machinery export volume reached 120 million yuan in the past 4 years. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 28 Dec 82]

TECHNICIANS TRANSFERRED TO APPROPRIATE POSTS--Beijing, 19 Jan (XINHUA)--Around 300,000 people who have had special training but who were not using these skills in their work at the time, have been transferred in the past 2 years to appropriate posts, according to today's GUANGMING DAILY report quoting the Ministry of Labor and Personnel. Over half of these workers are now employed by textiles and light industry and agriculture. Others are working in the energy and power industries and educational departments. In 1979 and 1980, there were also two major personnel reshuffles involving 180,000 people. Following these changes, many industries which were short-handed have been strengthened, had their management revamped and technology updated. In China work is usually assigned to college or school graduates and, with the passing of time and the shifting of emphasis in state plan for streamlining and modernization, the distribution of personnel has to be readjusted to the country's needs. [Text] [OW191338 Beijing XINHUA in English 1237 GMT 19 Jan 83]

SHAANXI NEW PRODUCTS--From 1980 to 1982, Shaanxi Province successfully trial-produced 1,726 new industrial products. In this period, the province also increased the variety, designs, colors and packing by some 5,000 kinds, some 20 of which have reached the advanced world levels and some 150 of which have filled the gaps in products at home. [Xian Shaanxi Provincial Service in Mandarin 1130 GMT 5 Jan 83]

CONSTRUCTION

NEW REVENUE SOURCES FOR ENERGY, TRANSPORTATION DEVELOPMENT REPORTED

Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 2

[Editorial] "An Important Measure in Concentrating Funds on Key Development Projects"]

[Text] Recently, the Central Committee of the Communist Party of China (CPC) and China's State Council issued "A Statement on Concentrating Funds on Energy and Transportation Development." The State Council also distributed documents on "Methods to Pool Funds for Energy and Transportation Development." These important policy statements were issued to implement the directives of the 12th National Congress of the CPC on concentrating funds for crucial development projects. They play a very important role in ensuring the attainment of our strategic goal of quadrupling production in industry and agriculture before the end of this century.

Energy and transportation are two important material production departments in our national economy. They are of fundamental importance and of the highest priority. For various reasons, energy and transportation are weak links in the development of our national economy. If progress is not made in these two areas, our entire national economy is endangered, production will not increase, and our living conditions will not improve. Based on these assumptions, we can say that for the state to concentrate funds on energy and transportation development is of vital importance to our entire national economy.

Energy and transportation development takes a long time. We must start as early as possible. It is only after a period of great effort that deficiencies in energy and transportation infrastructure can be reduced, and energy and transportation development is mutually balanced with other future economic development. Energy and transportation development projects usually require tremendous amounts of capital. In addition, they seldom produce economic benefits in the short run. Therefore, these projects must be financed by government revenues. They should be planned and executed in accordance with a comprehensive balanced national development plan. At present, government revenues are limited; they cannot meet all of the requirements for energy and transportation development. In addition, revenues are overly dispensed. As our economy has undergone a transformation, private funds of localities, enterprises and units have significantly

increased in recent years. In 1981, nonbudgeted funds allocated by localities, enterprises, businesses and administrative units totalled more than half of the state treasury receipts. Numerous localities and enterprises even utilized their nonbudgeted funds to support surplus labor processing activities. As a result, there has arisen the problem of redundancies and unnecessary construction. At present, the country has decided to extract a suitable portion of the surplus funds from each unit and to use the funds for energy and transportation development projects. This policy is necessary and it is feasible. It not only reasonably solves the problem of capital shortages for important development projects but also alleviates and combats the problem of blindly investing in irrational projects. This is beneficial for the overall reorganization of our capital investment priorities.

Comrade Chen Yun [7115 0061] said, "To make progress in our economically adverse conditions, we must concentrate our capital and resources and fully utilize them." He added, "If we combine all our efforts and apply them in crucial areas, we shall be able to accomplish several major tasks." At present, our country has decided that, except for several exempt categories, all surplus revenues are subject to government levies equal to 10 percent of annual gross revenues. These are to be submitted to the state treasury and earmarked as energy and transportation development funds. In this way, the tax base is broadened and the tax rate lowered. We all have to share in shouldering the burden by paying a small amount. For the country as a whole, all these small amounts will add up to a sizable sum, allowing our country to lay a strong foundation for important construction projects, thereby accomplishing several big tasks. All these, in turn, will lay the foundation for our economic development in the 1990's. Of course, providing these energy and transportation funds might cause some difficulty for some individual units. Nevertheless, it is essential for resolving a larger problem. It is an important policy that is consistent with the long-term interests of prefectures, government agencies, and enterprises. We believe all these institutions will consider the national economic well-being and work together to accomplish this task and to serve the overall interests of the country.

To collect and pool funds for energy and transportation development is a new task with broad impact and policy-like force, involving a lot of work. All treasury bureaus at various government levels must work with local government agencies and cooperate with one another to ensure that the funds are efficiently collected.

12273
CSO: 4006/186

CONSTRUCTION

COUNTRY COMPLETES CAPITAL CONSTRUCTION PROJECTS

OW252120 Beijing XINHUA in English 1432 GMT 25 Jan 83

[Text] Beijing, 25 Jan (XINHUA)--China in 1982 completed and put into operation 107 large and medium-sized capital construction projects, including coal mining projects with a combined annual production capacity of 6.95 million tons. With all mining projects currently under construction put into production, the nation's annual coal production capacity will increase by 100 million tons, a release from the State Statistical Bureau said.

New oil wells put into operation at Shengli, Daguang and Xinjiang oilfields increased China's annual petroleum production capacity by 6.35 million tons and that of natural gas 600 million cubic meters.

Several large and medium-sized hydro and thermal electric power generating units were put into production in 1982 in Hebei, Shanxi, Anhui, Shandong, Hubei and Guizhou. These units have had a combined generating capacity of 2.59 million kilowatts.

The government invested 30 percent more money on transport and posts and telecommunications capital construction projects in 1982 than in 1981, the release said. Light industrial capital construction investment accounted for 8.6 percent of the nation's total capital investment, compared to 6.1 percent in 1978, the year before China began to readjust its economic development.

In 1982, construction of 37 sugar refineries was completed in Heilongjiang, Guangdong, Guangxi and Sichuan, with a total yearly production capacity of 327,000 tons.

The release said that China's 1982 capital construction achievements is an indicator of the success for the current policy of giving priority to the expansion of energy production, communications, and light and textile industries.

CSO: 4020/46

CONSTRUCTION

BRIEFS

JILIN HOUSING CONSTRUCTION--This year, Jilin Province's Changchun Municipality made rapid progress in rural housing construction. Peasants' living conditions have shown much improvement. According to statistics, this year the municipality built 2.421 million sq meters of houses for peasants. Some 33,000 peasant households moved into new houses. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 30 Dec 82]

HEILONGJIANG CEMENT OUTPUT--As of mid-December, Heilongjiang Province had produced over 3 million tons of cement, overfulfilling the state plan, and showing an increase of 9.2 percent over the annual plan and an increase of 15.4 percent over the corresponding 1981 period. [Heilongjiang RIBAO in Chinese 22 Dec 82 p 1]

LIAONING HOUSING CONSTRUCTION--As of 20 December, Liaoning Province had completed the construction of urban housing with total floor space of 5.4 million square meters and over 100,000 households had moved into new houses. According to statistics, 30 percent of these houses were built with state investments, 10 percent with collective investments, 55 percent with enterprises' investments and 5 percent with individual investments. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 29 Dec 82]

HEILONGJIANG CEMENT PRODUCTION--Heilongjiang Province's annual cement output increased from 2,125,000 tons 3 years ago to 3 million tons in 1982, an annual increase of 875,000 tons or an average annual growth of 9 percent. Since 1979, the Provincial Building Material Bureau has raised funds totalling 48 million yuan by means of bank loans and foreign investment in order to expand the production capacity of cement plants and thereby enabling small cement plants to increase output by 650,000 tons in 1982. [SK310023 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Dec 82]

CSO: 4006/217

DOMESTIC TRADE

ZHOU HUI ADDRESSES COMMERCIAL WORK MEETING

SK310208 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 29 Dec 82

[Text] The recent regional conference on commercial work held in Baotou called for implementing the responsibility system for contracted management in its various forms, reforming the system of commerce, supply and marketing and making great efforts to create a new situation for commercial work.

The conference was held in Baotou between 13 and 25 December. Attending the conference were responsible persons of the various league and municipal governments in charge of financial and trade work, directors of financial offices, commercial bureaus, supply and marketing cooperatives, price bureaus and industrial and commercial administrative bureaus as well as responsible persons of commercial companies in the region.

During the session, Zhou Hui, first secretary of the Nei Monggol Autonomous Regional CPC Committee, made an important speech. Peng Mengyu, vice chairman of the regional people's government, heard reports to the conference and spoke on many occasions.

The conference held that since the third plenary session of the party, our region has followed the guidance of the policy of emancipating minds and relaxing policy restraints in doing commercial, supply and marketing work, has made great efforts to improve operation and management and has restored and further developed an economic system that allows the coexistence of different economic sectors. This has greatly mobilized the enthusiasm of staff members and workers. The market is brisk in urban and rural areas throughout the region, the economy is thriving, prices are basically stable and the situation is growing better and better.

Owing to many years of leftist influence, many aspects of our commercial, supply and marketing work are unfit for the requirements of the developing situation. They are: Failing to accustom oneself to market regulation after being inured to regulation by planning; failing to apply economic leverage after being inured to administrative interference; preferring the state-run sector of the economy and taking a lukewarm attitude toward the coexistence of different economic sectors; preferring a unitary labor and wage system characterized by the practice of the iron rice bowl and eating from a common big pot; paying attention only to the sellers' market to the

neglect of the buyers' market; and preferring to organize the circulation of commodities not according to economic areas but according to administrative divisions. These problems seriously hamper the development of commercial, supply and marketing work.

The conference pointed out: We must put an end to such a situation as quickly as possible and exert ourselves to fulfill the onerous tasks set by the 12th National Party Congress for commercial work. The conference emphasized that beginning in 1983, efforts should be made to shift the entire work onto the track of focusing on improving economic results. We must achieve some breakthrough and advance next year. The conference urged all staff members, workers and cadres doing commercial, supply and marketing work to work vigorously for enlivening the economy and improving economic results.

1. There should be a better level in the turnover of commercial circulating funds and the profits produced from every 100 yuan of sales as well as an improved level of expenses.
2. Efforts should be made to rationally readjust the network of wholesale departments along the lines of economic divisions. It is necessary to organize the circulation of commodities in line with the new system under which a division of labor is carried out on the basis of the types of commodities [an shang pin fen gong] and through an urban-rural open channel between and truly implement the three-more and one-less circulation system. Third-grade wholesale stations in places that already have second-grade wholesale stations as well as wholesale stations unsuitable to prevailing economic trends should all be rationally readjusted along the lines of economic divisions. Those that need to be stabilized should be stabilized and those that can be abolished should be abolished. More wholesale stations may be set up in places where they are called for in order to make the layout of commercial network more sound and more rational.
3. Active efforts should be made to expand the commodity circulation channels between urban and rural areas, to strengthen and reform the system of supply and marketing cooperatives and to bring into full play the major function of supply and marketing cooperatives in agricultural and pastoral areas.
4. Leading bodies of reorganized commercial, industrial and communications enterprises should establish a leadership and command system that can create the new situation that is required by the four modernizations.
5. It is necessary to intensify the training and education of staff members and workers, raise the political integrity and professional ability of staff members, workers and cadres and establish a contingent of polite commercial workers who have political ideals and are proficient in professional work.

The conference also studied the problems with regard to improving the management of prices and markets as well as the purchasing policy and purchasing methods for agricultural, livestock and sideline products.

In his speech to the regional conference on commercial work, Comrade Zhou Hui pointed out: At present, the commercial, industrial and communications fronts should earnestly implement the guidelines of the 12th National Party Congress, further emancipate minds, relax policy restraints, eliminate the erroneous leftist influence, implement the various forms of the responsibility system for contracted management, mobilize the enthusiasm of the vast number of staff members and workers to an even greater degree and struggle for the grand goal of quadrupling the annual value of national industrial and agricultural output by the end of the century.

Comrade Zhou Hui said: Since the third plenary session of the party, we have implemented the line, principles and policies set by the Party Central Committee and corrected the prolonged leftist mistake. Construction and production on the various fronts of our region have been developing vigorously. The present political situation, which is characterized by stability and unity, is one of the best periods since the PRC's founding.

Comrade Zhou Hui pointed out: Our commerce had been in an unfavorable situation for a long time mainly because of leftist mistakes. The three major transformations introduced following liberation were necessary. After that we had all along adopted the policy of utilization, restriction and transformation toward collective and individual commercial and industrial establishments. This policy has ever since been basically abolished. This pernicious leftist influence and ideology, however, have existed, to a very serious degree in some instances, to this day, in our thinking, understanding, policy and work. Some comrades, in particular, have yet to enhance their understanding and their political consciousness adequately. At present, we must earnestly study the 12th National Party Congress documents to solve problems in this regard. It is necessary to enhance understanding and resolutely eliminate the pernicious leftist influence from our ideology. It is necessary to enhance understanding and make the overcoming and elimination of leftist mistakes a force pushing our work. Efforts should be made to comprehensively review and sum up the experiences gained in commercial work and in all economic work and to carry out our work by proceeding from the reality of our country and our region. In economic work we must proceed from the reality of our country—an agricultural population of 800 million in a total population of 1 billion—to work out our principles and policies. Attention should be paid to correctly handling the relationship between commercial, supply and marketing work and the peasants. Efforts should be made to organize and guide the peasants and herdsmen to take the socialist road and contribute to the four modernizations.

Comrade Zhou Hui said: If we are to create a new situation in commercial, supply and marketing work, we must study and understand in depth the recent talk by Comrade Chen Yun on the relationship between [words indistinct] on the basis of summing up the experience of recent years, further emancipate minds, relax policy restraints and actively and properly implement the various forms of the responsibility system and the responsibility system for contracted management, along the socialist orientation.

He said: The rural and pastoral areas have taken the lead and have played a leading role in implementing the all-round contracting system and the system of contracted responsibilities with payment linked to output. Commercial, supply and marketing work should derive inspiration, wisdom and strength from the basic spirit of the rural experience in implementing the system of contracted responsibilities on an individual basis. In instituting this reform we must not take a passive, wait-and-see attitude, nor should we act too hastily. We should advance vigorously and steadily. It is necessary to break free from the conventional trammels of a unitary trade system as well as the outdated practice of the iron rice bowl and eating from a big common pot and overcome the egalitarian practice in distribution that does not differentiate between one who works and one who does not, one who does much work and one who does little or between one who performs well and one who performs poorly. Under the precondition of upholding the socialist orientation and ensuring the leading position of the state-run sector of the economy, efforts should be made to actively encourage, support and help collective and individual commercial establishments in both urban and rural areas. We must put an end to the situation in which state-run commerce monopolizes trade.

Comrade Zhou Hui emphasized: Reform of the economic system is a major reform running through the entire course of the four modernizations. This reform involves every sphere and everyone. The various localities must strengthen the unified party leadership and carry out ideological and political work well. Leadership at all levels, leading comrades of commercial, supply and marketing departments in particular, must go deep into the realities of life to conduct investigation and research and make commercial, supply and marketing work even more well adjusted to the new purchase and sale system based on [word indistinct] in the rural and pastoral areas. The various departments should cooperate with one another well so as to mobilize enthusiasm in all sectors to the greatest degree possible and should strive to enliven the economy, improve economic results and create a new situation in commercial work.

CSO: 4006/218

DOMESTIC TRADE

YUNNAN ON REFORMING RURAL COMMERCIAL STRUCTURE

HK240903 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 23 Jan 83

[Station commentary: Clearly Understand the Situation in the Rural Areas and Speed up the Pace of Reform]

[Text] A fundamental measure for solving the many existing problems in commerce and creating a new situation is to reform the commercial management system actively and step by step. A case in point is the reform of the supply and marketing cooperatives in Jiangchuan County.

Since the third plenary session of the 11th CPC Central Committee, due to the implementation of a series of policies, the situation in the rural areas has speedily developed. The implementation of the agricultural system of contracted responsibility with payment linked to output, in particular, has energetically promoted the development of diversified undertakings and commodity production. Specialized households and households doing specialized jobs which concentrate on commodity production have emerged in large numbers in the rural areas. A new economic combination consisting chiefly of specialized households and households doing specialized jobs has also emerged in economically developed localities. This is a trend in the development of specialized production. This new situation has made it necessary for the commercial departments in the rural areas to supply the peasants with market data, show them market channels, provide them with various facilities, such as science and technology, credit funds, material supply and sales of products, guide them to develop commodity production in a planned way and promote a new economic combination.

Supply and marketing cooperatives represent a major commercial channel in the rural area. However, it is difficult for them to take on the task under the existing system. In the 1950's, supply and marketing cooperatives were in the nature of cooperative commerce, with one end linked to the state and the other to the peasants. They had a marked mass and democratic character flexibility. Later, due to the influence of leftist ideas, they became government-run commercial bodies and lost the supervision of the masses. Furthermore, there were the management methods of everybody eating from the same big pot and of holding iron rice bowls. The enterprises did not have any decision-making power and lacked internal motive force. The

service attitude and quality were poor, the management was rigid and the circulation of commodities did not run smoothly. They failed to adapt themselves to developments in production.

In recent years, although we have conducted some reforms in management and the responsibility system, we have failed to fundamentally solve the problem. If we do not speed up the pace of reform, it will be impossible for the supply and marketing cooperatives to take on the tasks entrusted by the new historical period. They will inevitably obstruct the development of production.

The practice of the supply and marketing cooperatives in Jiangchuan County has provided useful experience for the supply and marketing departments at various levels although they have just begun their reforms and many problems still remain to be solved. Naturally, the various localities should proceed from realities in the course of reform. In the activity to turn the supply and marketing cooperatives into an economic combination which links the broad masses of peasants, develops commodity production and provides services, such as production, technology and livelihood, they should further explore new experience and constantly go on discovering, creating and advancing.

CSO: 4006/220

DOMESTIC TRADE

'JINGJI RIBAO' ON COMMODITY CIRCULATION

HK260937 Beijing JINGJI RIBAO in Chinese 15 Jan 83 p 2

["Economic Forum" column by Cai Mao [5591 5399]: "Goods and Circulation"]

[Text] A conference on commercial work was held recently. It set forth a series of guiding principles to relax policies, reform systems and dredge the flow of commodities. All the guidelines hit the nail on the head. If guiding ideas for commercial work are not changed, the flow of goods between town and country will be stopped.

Now, what is the situation in the domestic market? The most prominent point is that by virtue of the production responsibility system, our country's rural economy has been greatly vitalized and farm and sideline products are increasing daily. At the same time, peasants in many localities find it difficult to sell their products. If peasants' products cannot sell, the chain of economic circulation--"supply-marketing-supply"--will be broken off. Consequences are obvious to all. The main reasons accounting for the occurrence are our channels for purchasing and marketing farm and sideline products are too narrow and are not sufficient. Thus, goods and circulation cannot coincide with each other.

Our country is vast with numerous mountains, plains, lakes and rivers, and is also rich in resources. There are treasures everywhere, either in the water or in the air, which can be utilized in different ways. Since there is a great variety of goods for supply and marketing, government businesses can hardly monopolize all things.

In the face of this, what should we do? A practical method is to properly relax the policies for transporting and marketing farm and sideline products and open more channels of transport and marketing for the collective and the individual within the framework of planned economy while the main channel in the rural areas--supply and marketing cooperative--is given full play. In the past, if an individual person transported or trafficked some farm products, he was often regarded as an "illegal peddler" and taken as one who engaged in speculation. This is wrong. The transport, long or short distance, carried out by peasants or peddlers in the rural areas is beneficial to the rural economy. Some comrades said that we might now offer

these laborers a proper name such as "second-hand dealers." This name seems to sound very good. Of course, those who are really engaged in speculation or who violate government policies and decrees will still be punished.

Production and circulation should, in fact, be connected with each other and goods and circulation should not be separated from each other. If the flow of goods between town and country is blocked, then it is no use producing too much. The key to the problem is to change the monopoly of government businesses in commerce and open more channels for the flow of goods.

CSO: 4006/217

DOMESTIC TRADE

YANG RUDAI STRESSES REFORM OF RURAL COMMERCE

HK240333 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Jan 83

Text] Sichuan Provincial CPC Committee Secretary Yang Rudai pointed out in his speech at the recent provincial conference on agriculture, finance and trade: At present the commercial circulation channels are clogged, and this together with the difficulties in buying and selling things is already seriously affecting the further development of production. We must emancipate our minds, relax the policies, reform the commercial setup, and enliven commodity circulation, to suit the new situation in which agricultural production has already turned from self-sufficiency and semi-self-sufficiency to large-scale commodity production.

Comrade Yang Rudai said: In enlivening commodity circulation, we must concentrate on solving two problems this year:

1. We must speed up the reform of the supply and marketing cooperative setup and popularize the experiences of Dazu County in this respect.
2. We must relax the policies on procurement and sales of agricultural and sideline products.

He said: The core issue in reforming the supply and marketing cooperative setup is to turn these cooperatives into the peasants' own cooperative commercial organizations. On the basis of carrying out reforms, we should gradually change the supply and marketing cooperatives into comprehensive service centers handling supply and marketing, processing, storage, transport and technical matters.

Comrade Yang Rudai pointed out: The general intention in relaxing the policies on procurement and sales of agricultural and sideline products is, under the premise of upholding planned economy as the main factor and regulation by market mechanism as supplementary, to further change the situation of excessively rigid controls.

1. We must continue to practice state monopoly in purchase and sales of a small number of agricultural and sideline products related to the national economy and the people's livelihood. However, the number of items covered in this way should be reduced. At the same time we should further improve the procurement methods.

2. We must vigorously support the peasants in taking part in commodity circulation.

3. We must open up and develop multi-channel circulation. The collective and individual commercial units, the agriculture-industry-commerce enterprises and the commune and brigade enterprises may all handle those agricultural and sideline products that can be marketed after the fulfillment of state procurement quotas.

4. In the future, purchase and sale at negotiated prices can be instituted for first and second-category agricultural and sideline products after the fulfillment of state procurement quotas, with the exception of a few items such as cotton and timber, together with third-category products. The prices can rise or fall to suit the trade and the market.

Comrade Yang Rudai emphasized: After the relaxation of policies on the procurement and sales of agricultural and sideline products, it is necessary to strengthen market controls, resolutely and promptly deal with various illegal activities, hit at speculation, and try to succeed in having control without stifling things to death and liveliness without disorder.

CSO: 4006/217

DOMESTIC TRADE

JILIN REFORMS SUPPLY AND MARKETING SYSTEMS

SK230806 Changchun Jilin Provincial Service in Mandarin 2200 GMT 22 Jan 83

[Text] According to our correspondent (Tang Maosheng), in order to accelerate progress in reforming the system of supply and marketing cooperatives across the province, the Provincial Financial and Trade Commission sponsored a telephone conference on the afternoon of 22 January.

At the conference, representatives of Huaide and Liuhe counties introduced their experience gained in improving the systems of supply and marketing cooperatives. Huo Mingguang, secretary of the provincial CPC Committee, addressed the conference.

The conference held: To carry out the system reform of supply and marketing cooperatives in rural areas constitutes the objective necessity of currently developing agricultural production in our country. Only by carrying out this reform as soon as possible can we meet the needs of developing the rural economy.

The conference pointed out: The system reform of supply and cooperatives at grassroots levels is chiefly aimed at restoring the nature of cooperative commerce. It means that efforts should be made to gradually turn supply and marketing cooperatives into economic organizations that are closely related to the agricultural production of households that have enacted contracting systems for grain or a special line of production, and closely linked with the interests of peasants. The major tasks of this reform are as follows: 1) It is necessary to restore and strengthen the organizational work among supply and marketing cooperatives by vigorously relying on the masses, the democratic management among them, and the transaction flexibility of them; 2) it is necessary to extensively carry out joint venture between agricultural and commercial units so as to closely integrate the transactions of supply and marketing cooperatives with peasants' production, as well as the success and failure of cooperatives' business with the economic profits of peasants, so that the commerce can be truly operated by peasants themselves; 3) it is necessary to expand the business and service ranges of supply and marketing cooperatives so as to gradually turn them into integrated service centers in charge of supply and marketing, processing, storage, transport and technical guidance; and 4) it is necessary to do a

good job in consolidating the administrative of supply and marketing cooperatives at grassroots levels and enforce business contracting systems.

The conference stressed: In conducting the system reform of supply and marketing cooperatives, we should not lay our stress only on units at grassroots levels. In line with the experience gained in the reform at grassroots levels, we should carry out the system reform of supply and marketing cooperatives from bottom to top and organize joint cooperatives among different counties.

The conference urged the departments concerned to strengthen their leadership over the system reform of supply and marketing cooperatives and to solve in a timely manner new problems emerging in the reforming activities so as to achieve a successful progress in the reform and to properly complete the task for reforming the system as soon as possible.

CSO: 4006/219

DOMESTIC TRADE

BEIJING MARKETS TO BE WELL SUPPLIED FOR FESTIVAL

OW201256 Beijing XINHUA in English 1201 GMT 20 Jan 83

[Text] Beijing, 20 Jan (XINHUA)--There will be more fresh and staple foods in Beijing's markets during the coming spring festival than there was last year, according to today's BEIJING DAILY.

All city residents will be provided with top quality rice, refined white flour, and vegetable oil. Also available will be such festive specialities as red beans, millet and glutinous rice.

About 850,000 kilograms of lean pork will be brought into Beijing's markets this year. This is 1.4 times more than last year. There will also be a good supply of mutton. Since the supply of beef is short, minority nationalities, like the Hui people, who do not eat pork, will be given first opportunity to buy. Fifty two percent more chickens, or 1.73 million will go on sale this year and ducks will number 150,000. There will also be about 20 million kilos of fresh vegetables, including cabbage, radishes, green peppers, garlic, cauliflower, tomatoes and spinach.

Such festive items as lanterns, new year paintings, fireworks, sugarcoated haws on sticks and toys will also fill the stores.

The municipal government recently issued a circular asking the city's commercial departments to do a good job during spring festival. It calls on all districts and counties to set up temporary marketplaces for the convenience of the people.

Wholesale departments should keep retail shops well supplied and retail shops should extend service hours. Families of old, weak and handicapped as well as those of army personnel and retired persons should be helped doing their shopping.

All department stores, shops and restaurants should be thoroughly cleaned and special attention should be paid to food sanitation, the circular points out.

CSO: 4020/46

DOMESTIC TRADE

HOME APPLIANCE SALES INCREASE IN GUANGZHOU

OW201315 Beijing XINHUA in English 0718 GMT 20 Jan 83

[Text] Guangzhou, 20 Jan (XINHUA)--Customers in Guangzhou, capital of Guangdong Province, bought 700,000 electric fans, rice cookers, washing machines and refrigerators in 1982--seven times the 1979 figure--according to the Guangzhou Home Electrical Appliances Corporation.

Gross value of these items rose from 45 million yuan in 1979 to 143 million yuan in 1982, with an increase rate averaging 52.3 percent a year, it said.

This shopping spree has put heavy pressure on the market as increased production at factories still failed to keep pace with the growing buyer demand. For example, in 1982, the corporation turned out more than 500,000 rice cookers, 25,000 washing machines and 140,000 refrigerators, more than 19, 4 and 2 times respectively over the previous year. These products, however, were still in short supply, the corporation noted.

Guangzhou began to produce such household appliances in 1974. But most of the products were exported. The situation has changed since 1979 when the province implemented new and flexible policies aimed at invigorating the urban and rural economies. This has helped increase the people's income and the purchasing power for durable manufactured goods, the corporation said.

CSO: 4020/46

DOMESTIC TRADE

ANHUI IMPROVES MATERIAL SUPPLY CHANNELS

OW250013 Beijing XINHUA Domestic Service in Chinese 0253 GMT 20 Jan 83

[Excerpts] Hefei, 20 Jan (XINHUA)--The Anhui Provincial Bureau of Supplies is organizing material supply according to economic regionalization with cities as supplying centers. The new practice reduces intermediate links and accelerates material circulation.

Experiments on the new system began in selected units in 1979. The new system disregards administrative regionalization and lets Hefei City supply material, according to the distribution plan, directly to nearby Feidong, Feixi, Lujiang and Shucheng counties and to Jinzhai and Huoshan counties, to which transport from Hefei is convenient. The new practice has improved economic results remarkably.

In the past, all materials under the distribution plan were invariably shipped first from the provincial capital to various prefectures and next from prefectures to their subordinate counties. Then the counties sold the materials to various production departments. The transaction involved complicated procedures and unnecessary transport back and forth.

In order to reform the irrational supply system, the Anhui Provincial Bureau of Supplies conducted repeated studies and put forward the new material supply system, with cities as supplying centers, based on the masses' opinion. The State Bureau of Supplies attached importance to Anhui's reform plan and introduced it at the national supplies work conference.

Since 1979, various companies under the Hefei City Bureau of Supplies have begun to supply Feixi and the other five counties with the majority of the means of production they need. The direct supply reduces the material transport time by 2 to 3 months and saves transport expenses by 8 to 12 yuan per ton of supplies.

The Anhui Provincial Bureau of Supplies is seriously summing up the experience and preparing to popularize the new practice throughout the province.

CSO: 4006/218

DOMESTIC TRADE

SHANDONG URGES COMMERCIAL SYSTEM REFORM

SK251007 Jinan Shandong Provincial Service in Mandarin 2300 GMT 23 Jan 83

[Text] The provincial commercial work conference sponsored by the provincial people's government concluded on 23 January. At the conference, participants emphatically studied the issues of relaxing restrictions on policies, conducting a reform of the system in commerce and creating a new situation in commerce.

Liu Zhongqian, deputy governor of the province, addressed the conference.

The conference held: The key to creating a new situation in commerce lies in further eliminating the leftist influence and straightening out the guiding ideology for commerce. To this end, the conference studied and put forward the following five tasks for reform:

1. Efforts should be made to further readjust the policy on purchases and sales. Peasants who have fulfilled the state unified purchase plan are allowed, except for cotton, to sell their surplus products and products not covered in the state purchase plan through multiple channels. State business firms may conduct their transactions at negotiable prices. Supply and marketing cooperatives and cooperative business units in rural areas as well as farming individuals are all allowed to engage in business transactions and even to carry out commercial operations in urban areas and outside counties and provinces. Efforts should be made to exercise flexible policies on sales of industrial products. Some durable consumer goods may be ordered in advance and be paid for in installments. According to the market situation in off seasons and peak periods, flexible prices may be adopted. The sale of processed foodstuffs and nonstaple foodstuffs may be carried out with flexible prices. Such foodstuffs covered in the fixed quotas should be sold at the fixed price and those not covered in the fixed quota, at negotiable prices and with free choice.
2. Continuous efforts should be made to readjust social commercial structures. Proceeding from the needs of the society, it is necessary to boldly develop cooperative commerce, develop individual business in a proper manner and continuously improve the proportions between transactions by collectively- and-individually-owned businesses. It is also necessary to enthusiastically support and guide the self-marketing of commodities turned out by commercial

firms and enable the agriculture-industry-commerce network and joint venture businesses to develop along a healthy road. A good job should be done in operating farm product markets in both urban and rural areas. Markets with insufficient space should be expanded or enlarged by opening new trade fairs. It is necessary to open wide the minor commodity markets for industrial products in urban areas.

3. According to the rational principle of developing the economy, efforts should be made to readjust step by step wholesale institutions in an effort to reduce transaction links. As for rural retail stores at brigade and production team levels, it is necessary to actively help brigades and teams take over the ownership so long as they have conditions and the masses are happy to accept them.

4. Efforts should be made to actively conduct system reform in supply and marketing cooperatives. Cooperatives at grassroots levels should be restored with the nature of cooperative commerce. Former supply and marketing cooperatives at the county level should be turned into the united business institutions for supply and marketing cooperatives at grassroots levels. At present, each prefecture and city should vigorously conduct pilot work in this regard in one or two selected counties.

5. Efforts should be made to enact business responsibility systems in an all-round way. It is necessary to adhere to the state ownership among large retail stores, food catering stores and grain stores at grassroots levels, to have them run by the state but to enact contracting systems among them which are suitable to their business characteristics. Small retail stores with less than 20 employees should be owned by the state, be administered by collectives, pay taxes to the state and assume sole responsibility for their profits and losses. Efforts should be made to vigorously conduct pilot work for building the two categories of business institutions and to popularize them step by step. As for small food catering centers where there is only labor, it is necessary to boldly enact various forms of business contracting systems. No matter what business institutions are established, we should maintain a balance among ownership, responsibility and profits and pay simultaneous attention to the interests of the state, collectives, individuals and consumers.

CSO: 4006/218

DOMESTIC TRADE

SHANDONG URGES ELIMINATING OLD BUSINESS IDEAS

SK260850 Jinan Shandong Provincial Service in Mandarin 2300 GMT 23 Jan 83

[Station commentary: "Make Efforts to Further Eliminate the Leftist Influence and Resolutely Reform Step by Step the System in Commerce"]

[Text] Since the third plenary session of the 11th CPC Central Committee, the province has scored fairly good achievements in continuously eliminating the leftist influence in the field of commodity circulation and in readjusting and improving business systems, policies and measures that have not met the needs of developing the economy. However, we must clearly note that a fundamental change in the old ideology and in out-of-date systems and measures has not taken place. Thus, a contradiction between old things and the new situation has emerged day by day. At present, many localities have had their circulation channels blocked. Their tardy commodity circulation and difficulties in both supply and demand have become more and more serious.

As everybody well knows, the development of the commodity economy has just started, but has, unfortunately, encountered difficulties at an early stage. Along with the healthy development of the economy, consumer goods will naturally become more and more necessary. A failure to enable commercial work to catch up with the new situation and to enable all commodities to enjoy brisk sales in a timely manner will directly hinder production and adversely affect the progress of developing the economy in an all-round way.

In his recent speech delivered at the national conference on conducting ideological and political work among staff and workers, Comrade Hu Yaobang pointed out: To realize the four modernizations, it is imperative to conduct a series of reforms. The general guideline for the reforms should be, proceeding from reality, to conduct reforms in all-round and systematic ways and to resolutely engage in reform in an orderly manner. We must abide by the instruction to further eliminate the leftist influence, to boldly probe into problems and to dare to conduct reforms. We should uphold the principle of giving first priority to systems that are easy and urgently require reform and second to those that are difficult or need reform less urgently. Efforts should be made to make overall arrangements for the work and concentrate it on major systems so as to achieve a success in actively and properly reforming the system in commerce.

In conducting the reform, people's governments at all levels should foster the thinking of paying simultaneous attention to both production and commodity circulation so as to achieve success in truly grasping production on one hand and commodity circulation on the other, as well as to achieve a success in commodity circulation in order to promote production. Departments concerned should foster the thinking of taking the whole country into account and make concerted efforts to study and deal in a timely manner with new problems emerging in reform work and to resolutely improve the bad practice of arguing over trifles. In particular, comrades on the commercial front should take the lead in the reform work, go deep into reality in conducting investigations and studies and actively offer suggestions so as to make still greater contributions to reforming the system in commerce and due contributions to creating a new situation in all fields of socialist modernization.

CSO: 4006/218

DOMESTIC TRADE

COMMENTARY ON COLLECTIVE, INDIVIDUAL COMMERCE

HK250139 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Jan 83

[Station "short" commentary, "Eliminate the Influence of Leftist Ideology and Take a Correct View of Collective and Individual Commerce"]

[Text] It has just been reported that under the pretext that the appearance of the city was affected, a relevant department in the city central district, Chongqing City, did not permit a people-run collective, the Baimeigui Restaurant, which young people had raised funds to voluntarily establish to normally set up a stall to do business, resulting in making 24 young people return home again to await employment. This has clearly shown that some people have not completely eliminated the leftist influence in their minds.

According to the masses' reaction, events of making things difficult for or banning collective and individual commerce with this or that reason have often occurred. These have created very great difficulties for collective and individual commercial undertakings in some places. The main reason for the emergence of this situation is that under the influence of leftist ideology, some people have not understood the party's principles and policies now in force and are therefore afraid of this or that. They do not have the mental outlook of creating a new situation.

The relevant departments of the Chongqing City Central District must absorb lessons from this event. We must make our ideology meet the needs of the new situation, take a correct view of individual commercial undertakings and understand the party's policy on vigorously developing collective and individual commerce and service trade. State-run collective and individual undertakings must develop simultaneously to keep the commodity circulation channel to flow smoothly and to enliven the urban and rural market. This is really a good thing which will promote the development of industrial and agricultural production and be beneficial to the state and the people.

We must also understand that urban and rural laborers' individual economy within the scope provided by the law is a supplement to socialist public ownership. The state must protect the lawful rights and interests of the individual economy. We must support and show concern for collective and individual commercial undertakings.

CSO: 4006/218

DOMESTIC TRADE

'JINGJI RIBAO' ON DEVELOPING CATERING TRADE, SERVICES

HK220914 Beijing JINGJI RIBAO in Chinese 11 Jan 83 p 2

[Commentator's article: "Relax Policies, Actively Encourage Collective and Individual Catering Trade and Services"]

[Text] The national conference of catering trade and services has decided that the work focus of the trade will be shifted to vigorously developing collective and individual enterprises. This is a correct policy decision, which undoubtedly will have a magnificent influence on creating a new situation in the field of catering trade and services and on helping people in the urban and rural areas solve their "difficulties in buying a meal, staying at hotels, getting a haircut, taking a bath and having repairs done."

The catering trade and services is a service trade which provides active labor service. This kind of service should be carried out in accordance with seasonal needs and the different characteristics of various localities. Small and scattered service enterprises are more suitable for the present need. To run such service trade, the system of assuming sole responsibility for profits or losses and relevant inner economic vitality are required. Therefore, while readjusting and effectively running the state-operated catering trade and services, we should vigorously develop the collective and individual catering trade to meet the needs of the development of socialist modernization and the enhancement of people's living standard.

Since the third plenary session of the 11th CPC Central Committee, collective and individual catering trade and services in the urban and rural areas throughout the country have developed considerably. Over the past 3 years, their number has increased by 750,000. However, due to the fact that "leftist" ideology has still carried out mischief in recent years, people have not attached great importance to the development of the collective and individual catering trade and services in the urban and rural areas. As a result, service outlets and scope are limited. Some services and trade in daily life which the masses need badly are insufficient, whereas a large number of youths who are waiting for employment cannot find jobs. Manpower is being laid aside although many things remain to be done. To completely change this situation and vigorously develop collective and individual

catering trade and services, we should change our former practice that all service trades are operated by the state. With the exception of first-class hotels and restaurants, we should relax the policy and actively encourage collective and individual catering trade and services needed by the masses. Their principle of business management is: They should implement the system of assuming sole responsibility for their own profits or losses and pay tax to the state, while commercial departments will provide them with vocational guidance. The state will support them with respect to the supply of raw materials and the policies of prices, tax revenue, wages, retirement and so forth in order to create necessary conditions for the collectives and individuals to run catering trade and services.

At present, some employees do not like to work in service trades and other employees are reluctant to be employed by the catering trade and services. This shows that traditional views of looking down upon commerce and despising service trades are, to a certain extent, still adversely affecting the development of the collective and individual catering trade and services. It is imperative to mobilize all forces in various quarters to profoundly propagate the importance and role of commerce and service trade in the national economy. We should commend advanced personnel and exemplary deeds in the commerce and service trade and establish the practice of regarding commerce and service trade as a glorious occupation and encourage employees working in the service trade to keep their minds on their work. We should also educate youths waiting for employment to be willing to work in the catering trade and services and make contributions to helping the masses solve their "difficulties" in daily life.

CSO: 4006/218

DOMESTIC TRADE

BRIEFS

LIAONING COMMODITY RETAIL SALES--This year, urban and rural markets throughout Liaoning Province are brisk. The volume of retail sales of commodities is 14.2 billion yuan this year, an 8 percent increase over 1981. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 29 Dec 82]

HEILONGJIANG COMMODITY SALES--Through the readjustment of the national economy, urban and rural markets across Heilongjiang Province have ample supplies this year. As of the end of November, the retail sales of commodity of our province reached 9.8 billion yuan, a one billion yuan increase over the corresponding 1981 period. It is expected to reach 11.5 billion yuan by the end of this year, 1.15 billion yuan over 1981. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 30 Dec 82]

CSO: 4006/217

FOREIGN TRADE

GUANGDONG EXPANDS USE OF FOREIGN INVESTMENT

HK250235 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 24 Jan 83

[Text] In 1983, Guangdong will be more active in its external economic activities. The utilization of foreign funds is scheduled to increase by several hundred percent over last year.

The world was in an economic slump last year. In our province, however, due to the unswerving implementation of the policy of opening to the outside world, as well as other policies and flexible measures, our external economic activities were continuously expanded and the utilization of foreign funds was steadily on the rise.

According to statistics from the relevant provincial departments, in 1982 Guangdong Province signed more than 7,200 new contracts for the utilization of foreign funds. The total investment stipulated in the contracts came to more than U.S.\$160 million. In the course of implementing these contracts, the foreign funds actually invested and utilized by businessmen exceeded U.S.\$100 million last year. Of this, the foreign funds actually invested by businessmen for the processing and assembling of imported materials increased by 32.9 percent over 1981 and the actual investment by businessmen for cooperative and joint ventures increased by 17 percent over 1981. In order to create a new situation in the utilization of foreign funds, our province will utilize more foreign funds this year than it did last year.

The data provided by the relevant department show that there are three trends which merit our attention:

1. To enable the projects built with the utilization of foreign funds to yield economic results at an early date, the relevant provincial departments are taking measures to speed up the construction of these projects. Of the more than 50 projects under construction, about 20 will be completed and go into production or partly go into production this year.
2. We are still contacting or negotiating with the relevant businessmen for a number of key major projects with the utilization of foreign funds. Great efforts will be made this year to sign the contracts for these projects. They include the Guangzhou nuclear power plant, with an installed capacity of 1.8 million kw, the Shenzhen pumped storage power station, the construction of a rear supply base and other service projects for the Nanhai oil and the

Hua County cement plant in Guangzhou with an annual production capacity of 1.2 million tons of high-grade cement.

3. In order to give foreign businessmen more choices for their investment, the relevant provincial departments have put forward 73 projects for external economic cooperation, including agriculture, energy resources, communications and the technological transformation of the existing industrial and communications enterprises.

CSO: 4006/218

FOREIGN TRADE

1982 FOREIGN TRADE PROSPERS IN JIANGSU

HK270306 Beijing CHINA DAILY in English 27 Jan 83 p 2

[Article by He Chuan]

[Text] Foreign trade of Jiangsu Province continued to grow in 1982 as it overfulfilled its annual import and export quota by a big margin.

Last year, export earnings reached \$1.176 billion, which was 8.6 percent more than in 1981. Exports of cereals, oil, foodstuffs, chemicals, medicine and clothing increased by more than 15 percent, according to a senior official of the province's Foreign Trade Bureau.

Jiangsu started direct foreign trade in 1974. After nearly 10 years, it now has 12 import and export companies, including silk and other textiles, clothing, light industrial products, handicrafts and packing. It has established business ties with more than 130 countries and regions, stationing commission and sales agents in many.

Besides receiving more than 6,000 foreign businessmen every year since 1980, the province also sponsors sales exhibitions abroad and sends out representatives to find new markets.

As a richly endowed province, Jiangsu boasts a strong industrial foundation. Its textile, electronic, machinery, chemical and light industries play a leading role in China. Suzhou, Yangzhou, Nantong and Xuzhou each produces several export products. More than 40 cities or towns turn out single products for export. The gross value of the province's export products ranks third in China.

Foreign trade companies in Jiangsu have enlivened their business by processing and assembling raw materials for foreign firms and by joint ventures and compensation trade.

Many companies have imported rayon, plastic particles and mahogany and turned them into polyester fibers, velvet blankets, plastic string bags and mahogany furniture for export.

Efficient transport, especially water transport, support foreign trade.

In addition to the old ports of Shanghai and Lianyungang, three new ports have been opened since 1980. The new Jiangsu branch of the China Ocean Shipping Company boasts six ocean-going freighters with a total deadweight tonnage of 41,500.

During China's sixth 5-year plan, the deadweight tonnage will be more than doubled as new freighters are added.

CSO: 4020/46

FOREIGN TRADE

GUANGDONG TO MULTIPLY USE OF FOREIGN FUNDS

OW210758 Beijing XINHUA in English 0708 GMT 21 Jan 83

[Text] Guangzhou, 21 Jan (XINHUA)--Guangdong Province plans to use "several times" more foreign funds for its development this year than in 1982, provincial authorities said.

The province, authorized along with Fujian to follow special policies to attract overseas investment, is contacting or negotiating for funds for a number of projects, including a 1.8 million kilowatt nuclear electric power plant and a cement plant producing an annual average of 1.2 million tons of high-grade product.

Such funds will also be used to renovate extant rubber plantations and start new ones with a combined area of 33,300 hectares on Hainan Island, the second largest island in China.

In 1982, the province signed 7,200 contracts involving a total foreign investment of U.S.\$160 million, provincial authorities said.

Construction is under way for 50 projects using foreign funds, authorities said. Of these, 20 are expected to go into full or partial production this year. Among them are the technically advanced Xinhui polyester plant, the Foshan color ceramic tiles plant with a yearly output of 300,000 square meters, the Haifeng aquatic products farm and the luxurious White Swan Hotel and China (Guangzhou) Hotel in Guangzhou.

CSO: 4020/46

FOREIGN TRADE

SHENZHEN SPECIAL ECONOMIC ZONE TAKES SHAPE

OW251347 Beijing XINHUA in English 1223 GMT 25 Jan 83

[Text] Shenzhen, 24 Jan (XINHUA)--The Shenzhen special economic zone is taking shape with a good environment for investment, Liang Xiang, mayor of Shenzhen City, told XINHUA today.

Over the past 3 years, he said, the city spent 980 million yuan on industrial infrastructure and other projects.

The Shekou industrial district, which covers an area of 1.2 square kilometers, was completed in 1981 and by the end of 1982, 41 projects with imported equipment had been installed and nine of the 26 planned factories had gone into operation.

Construction is nearing completion of basic facilities in the Luohu commercial district and the Shangbu industrial district. A number of electronics, garments, furniture, light industrial products and other factories have already gone into production. The development of the Bagualing industrial district started in the latter half of 1982.

By the end of last year, 18 of the planned 29 roads with a total length of 54 kilometers had been completed and the other 11 will be finished in the first half of this year.

Completed floor space of commercial and factory buildings and housing totalled 1.83 million square meters. Three of the 37 high-rise buildings between 18 and 44 stories have been completed and the rest are scheduled for completion within this year.

In the 20-square kilometer area from the Luohu railway station to Shangbu, a number of shops, hotels and restaurants have opened. Roads are also completed.

A number of tourist attractions, including vacation camps, mountain resorts and water sports facilities, have attracted a large number of tourists.

The freight railway station has been expanded and waterway transport routes have opened linking the zone with northeast, north and east China. The first 10,000-ton class wharf at Chiwan Harbor is scheduled for completion in the first half of this year.

Communications between the city and Hong Kong will be facilitated with the construction and expansion of three bridges and one ferry wharf and the expansion of the Luohu railway station.

The opening of air routes to the interior and foreign countries is on the agenda.

The projects on the boundaries of the special zone are proceeding at an accelerated pace. Laws and regulations concerning the management of commodities and real estate, foreign banks, economic contracts, technical imports and economic arbitration were drafted last year. Detailed regulations on the implementation of the enterprise registration law, the land management law and the labor wage law will be promulgated soon.

The mayor said that the city planned to build 50 new factories and upgrade 30 existing factories this year. Some will produce duplicating machines, aluminium alloy products and cement, and process marble and timber. Emphasis will be on light and food industries that need little investment and yield quick and big returns and technology-intensive projects that produce products which are fairly competitive internationally.

Now eight foreign banks have received approval to set up agencies in Shenzhen. Two branches of the Nanyang Commercial Bank Ltd of Hong Kong and an office of the Hong Kong and Shanghai Banking Corporation have opened business.

Five standard factory buildings will be completed by the end of April of this year in the Shangbu industrial district and 17 others are planned. These buildings may be purchased or leased by overseas investors.

In addition, the city government has lowered land use fees by 30 to 50 percent and offered more favorable terms to investors with regard to taxation, profits and foreign exchange settlement.

The special zone will not only promote the local economy, increase employment and be conducive to good social order on the borders, it will also be an important channel for utilizing international resources and markets, Mayor Liang Xiang said.

CSO: 4020/46

FOREIGN TRADE

BRIEFS

JIANGXI OCEAN SHIPPING COMPANY--Nanchang, 13 Jan (XINHUA)--Jiangxi Province has established an ocean shipping company in cooperation with the China Ocean Shipping Company. With two 4,400-ton freighters, the company handles import and export from Jiangxi in the middle reaches of the Yangtze River to Japan, Singapore, Southeast Asia and Hong Kong. It is headquartered in the port of Jiujiang. The company was established by COSCO to meet the growing needs of export transport in the province, which began handling some of its own export in 1981, company officials said. [Text] [Beijing XINHUA in English 1106 GMT 13 Jan 83]

FUZHOU-HONG KONG SERVICE--Fuzhou, 15 Jan (XINHUA)--China's national airline inaugurated weekly chartered service today between Hong Kong and Fuzhou, capital of Fujian Province, home to many families of overseas Chinese. The chartered service is sponsored by the Fujian China Travel Service and China Travel Service H.K. The flight, by Trident, takes a little more than an hour and will operate round trip every Saturday. Fuzhou's airport was expanded last year to meet the growth of tourism and foreign trade. The present facilities accommodate Tridents and Boeing 737s, whereas formerly only small planes with 40 passengers could be handled. Fuzhou operates domestic air routes to Beijing, Guangzhou, Hangzhou, Nanchang, Quanzhou and Shanghai. New routes will open to other cities and regions. [Text] [OW190607 Beijing XINHUA in English 1123 GMT 15 Jan 83]

XIAN TOURIST HOTEL--Xian, 15 Jan (XINHUA)--Preparations for construction of the Jinhua Hotel--the first tourist facility of its kind in Shaanxi Province to be built with foreign help--have begun here, according to the city's Tourist Service Company. The 600-room hotel, designed with a floor space of 15,000 square meters, will be jointly built and run by the Xian Tourist Service Company and the Kowin Building Development Corporation of the United States. Construction of the hotel, the tourist company said, is aimed at coping with the increasing number of overseas tourists visiting this ancient Chinese capital, which boasts a great number of places of historical interest. According to an agreement made early last year, by the two parties concerned, the Chinese side will provide land for building the hotel and supply electricity, water, communications facilities and other items. The American side will cover all the expenses needed in the construction, which will be in two stages. [Text] [OW190607 Beijing XINHUA in English 0755 GMT 15 Jan 83]

GUANGDONG TOURISTS IN 1982--Guangzhou, 5 Jan (XINHUA)--A rough estimate shows that about 2 million tourists from Hong Kong, Macao and foreign countries visited Guangdong Province in 1982, hitting an all-time high. An official of the Guangdong Administration for Travel and Tourism attributed the increase of overseas tourists to the enormous efforts the provincial government have made to improve conditions for visitors. "One-place visit" to Shenzhen, or Zhuhai, a new service provided last year, attracted 93,000 Chinese compatriots in Hong Kong and Macao and more than 130,000 foreign visitors in the first 11 months of last year, the official said. Discounts were offered in slack seasons, he added. Construction and renovation of hotels, he told XINHUA, have also been accelerated in order to cope with the tourist influx. Five hotels with 1,020 beds were completed and opened in 1982, bringing the total beds to 29,000, the official said. Some of the new and renovated hotels are in the Chinese garden style, which are welcomed by foreign visitors. During the past few years, a number of scenic spots in the province such as the Conghua hot spring and the seven-star cliff were renovated and many new parks and tourist centers were built. [Text]
[Beijing XINHUA in English 0755 GMT 5 Jan 83]

LIAONING FOREIGN TRADE GROUPS--In 1982, Liaoning Province dispatched 112 trade groups to 39 countries and regions to do business. In 1 month alone, a trade group under the Liaoning Provincial Metals and Minerals Import and Export Corporation concluded a transaction totalling \$14 million. In a trade fair, the Provincial Silk Corporation marketed commodities valued at \$8 million dollars. A trade group from the Provincial Light Industrial Products Import and Export Corporation concluded a transaction of \$1.9 million. In 1982, this province dispatched some 500 persons to hold business talks and to survey markets in foreign countries, thus promoting the development of import and export trade. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 9 Jan 83]

CSO: 4006/219

LABOR AND WAGES

NEW COMPANY ASSIGNS JOBLESS YOUTHS WORK

HK240803 Beijing BEIJING WANBAO in Chinese 11 Jan 83 p 1

[Report: "'Research Company for Exploitation of Talented People and Application of New Techniques' Established Today"]

[Text] A "research company of Beijing Municipality for the exploitation of talented people and application of new techniques" was established today. The company is a collective-run economic organization, which practices independent business accounting and assumes sole responsibility for its own profits and losses. Its main work is to combine education with scientific research, and production with technical service. The company was set up at the joint suggestion of Tang Xiaowei, Zhou Song, Cheng Gang and Qian Zhongtai, who are national model workers in scientific and technical circles.

A spokesman for the company told this reporter this morning that his company is subordinate to the Beijing Municipal Labor Service Company and the Beijing Municipal Production Service Company. Its aims are to mobilize and organize all possible strength in scientific, technical, educational and other circles and link the organizing of youths waiting employment with the work of exploiting talented people and promoting science and techniques so as to directly serve the construction of the national economy. When a certain number of outstanding young people have received a systematical education in sciences and techniques, some of them will be dispatched to take part in the technical work in industrial and agricultural production, and some will be organized to develop collective-run businesses so that more and more youths waiting employment will be assigned to working posts.

The company comprises three component parts. 1) Education. This refers to a lecturing course for the application of advanced sciences and techniques, which is divided into a higher learning class, a training class in special techniques and a branch class in the rural areas; 2) Service of scientific research and technology. For this purpose, a collective-run research office and some expertise service centers will be set up; 3) Production. It will be carried out in some factories, which have certain connections with the company.

The spokesman also said that personages from scientific, technical, educational and other circles will voluntarily take the posts of board directors of the company. Members of the first board include Tang Xiaowei, Zhou Song, Cheng Gang, Qian Zhongtai, Song Dongsheng, She Baochen, Li Xiao, Guan Shixiong, Xu Jianping and Lin Shouping.

CSO: 4006/218

LABOR AND WAGES

BRIEFS

JILIN LABOR SERVICE COMPANIES--Since the third plenary session, Jilin Province as a whole has set up 635 labor service companies in an effort to develop the collectively owned enterprises and to solve the employment problem of the urban people. At present, 348 labor service companies in the province are run by enterprises and mass organizations, which is 54.8 percent of the province's total providing jobs for over 500,000 people. By the end of 1982, the province's labor service companies had run 3,384 collectively owned enterprises staffed by a total of 306,000 people. The annual gross income of these enterprises reached 450 million yuan and profits reached 60 million yuan. [Changchun Jilin Provincial Service in Mandarin 1030 GMT 8 Jan 83]

CSO: 4006/217

TRANSPORTATION

COUNTRY PLANS MORE SHIPPING ROUTES TO OTHER NATIONS

OW251335 Beijing XINHUA in English 1202 GMT 25 Jan 83

[Text] Beijing, 25 Jan (XINHUA)--China will open container shipping routes to ports in the Mediterranean and western and northern Europe this year, Qian Yongchang, vice-minister of communications, said here today. He said China will also increase the number of container ships on routes to Japan, Australia and the United States, and add container ships and increase number of runs of regular shipping on routes to west Africa and the Persian Gulf.

The big increase in volume of export and import transport in 1983 will pose a challenge to China's port facilities. According to the ministry, Chinese harbors handled 84.6 million tons of import and export goods in 1982, 10 percent more than in 1981.

Despite the worldwide economic recession and stiff competition in international ocean shipping in 1982, the Chinese oceangoing fleet carried more than 40 million tons of goods.

China's merchant fleet of 552 vessels has a total shipping capacity in excess of 12 million tons including roll-on and roll-off, container and general cargo ships, bulk carriers, oil tankers, refrigerator ships and passenger vessels.

China has container shipping service in seven harbors, Shanghai, Tianjin, Qingdao, Dalian, Huangpu, Zhanjiang and Fuzhou. The China Ocean Shipping Company has 20,000 containers at present.

The ministry said China is speeding up construction of seven container berths, funded by the World Bank, in Huangpu, Shanghai and Tianjin ports. They will be put into operation by 1985, and have an annual handling capacity between 700,000 and one million containers.

China opened two new container routes last year to the east and west coasts of the United States, semi-container routes from China's largest harbor Shanghai to West Africa, Western Europe and the Persian Gulf, and a semi-container route from Huangpu Harbor in Guangdong Province to Western Europe.

Now, China's oceangoing vessels call at 425 harbors in more than 100 countries and regions.

CSO: 4020/46

TRANSPORTATION

XINHUA REPORTS IMPROVEMENTS IN TIANJIN NEW PORT

OW270415 Beijing XINHUA Domestic Service in Chinese 1138 GMT 21 Jan 83

["Departments Turned Wrangling Into Cooperation and Unity--the Situation Following the Cargo Holdup at Tianjin Xingang Has Basically Changed (Editor's note attached)"]--XINHUA headline]

[Text] Tianjin, 21 Jan (XINHUA)--XINHUA editor's note reads: Wrangling between departments in some places has resulted in a shocking waste. This, on the one hand, was due to irrational systems, and on the other hand, was a question of attitude and style of work. The reform of a system must go through a process: Should we wait for reform? Should we take the initiative in doing our work first under the present conditions? Various units stationed in Tianjin Xingang have taken a positive attitude, using the second option. Before reforming the system, they paid attention to overcoming departmentalism and decentralism, put the general interests of the country above all else, and cooperated in unity among themselves. As a result, the longstanding situation at the port, characterized by the "three bog down's" was basically turned around in no time. This achievement is praiseworthy. (End of editor's note)

XINHUA correspondent Shen Qifang [3947 0796 5364] reported: The most annoying situation, characterized by "endless squabbling and wrangling," which once existed at Tianjin Xingang is now changing and is being replaced by a new atmosphere of unity and cooperation among various units concerned, paying attention to the total interests of the state. The longstanding situation of "bogging down ships, cargos and freight trains" has been basically turned around.

Facts at Tianjin Xingang showed that wrangling means waste, and that only by fully cooperating in work can economic results be achieved. Thanks to concerted efforts by the various units stationed at Tianjin Xingang, the port fulfilled the cargo loading and unloading plan for 1982 41 days ahead of schedule, setting a record. In 1982, while the number of ships calling at the port had increased by 334 compared with the previous year, the time for foreign and domestic ships to berth at the port had dropped by 4.5 and 6 days respectively. Over a long period, the number of ships leaving the port averaged 3.5 daily; in 1982, this number averaged more than 5 daily. The amount of imported goods being kept at the port was within the range of normal demand. Various units stationed at the port have also achieved

relatively good results in improving economic effectiveness: Profits netted by the port office increased by 22 percent over the previous year; as a result of reducing the berth time of ships, transport companies handling foreign trade cargos saved U.S.\$4.4 million in rental fees; the China Ocean Shipping Company saved U.S.\$9.24 million in shipping costs; the Tanggu railway station fulfilled the annual transport plan a month ahead of schedule; the time of trains stopping over at the railway station was shortened by half an hour.

In the past, higher level departments took steps to solve the problem of wrangling among various units at Tianjin Xingang resulting in economic losses. The situation improved for a while, but later deteriorated again. In the past 1 or 2 years, in compliance with the opinion of leading comrades at the central level, the Tianjin Municipal People's Government and other departments concerned under the State Council have helped various units stationed at the port to formulate certain measures and methods to solve the wrangling problem and set up the joint conference and joint office systems for units concerned to solve contradictions through consultation. Proceeding from the total interests of the state, these units have also improved their own work in order to reform those unreasonable practices, rules and regulations, which precipitated wrangling.

In the past, the port office had often changed the loading and unloading plans of ships at will, according to their own needs, thus making it difficult for those units caught unprepared to cope with the sudden changes. Now they have changed such practice, thus avoiding contradictions suddenly cropping up in the operation. By perfecting the economic responsibility system, they have looked upon the upholding of the port's total interests as one of the criteria in evaluating their subordinate units. The workshop set up at the port by the railway department in the past did not cope with the needs of the loading and unloading units of the port office; in addition, its systems governing trans-shipment and cargo transport were not unified, thus causing endless contradictions. Now the Tanggu railway station has set up a workshop handling transshipment and transport of cargos at the port, which can coordinate with the loading and unloading units at the port office. In the meantime, it has also reformed its own systems governing transshipment and transport of cargos to coordinate loading and unloading and transportation of cargos in a unified manner and to ensure smoother circulation of commodities.

CSO: 4006/220

TRANSPORTATION

BRIEFS

HEILONGJIANG NEW RAILWAY--Having been examined and approved by the Harbin Railway Bureau, the Fuqian railway from Fuli village to Qianjin Town opened to traffic on 13 December in Heilongjiang. The Fuqian railway runs through the Sanjiang plain, with a total length of 226.7 km. It begins from Fuli village of Jixian County, goes through Hongxianglong, Fujin, Jiansanjiang and ends in Qianjin Town of Tongjiang County. The railway was designed by the Third Designing Institute of the Ministry of Railways and jointly built by the Harbin Railway Bureau, Hejiang Prefecture and the Provincial Farm Administrative Bureau. The railway helps promote the construction of the province's marketable grain bases and provides favorable conditions for exploiting the Sanjiang plain and the Dongrong coalfield. [Harbin HEILONGJIANG RIBAO in Chinese 16 Dec 82 p 1]

JIANGSU SHIPBUILDING--Jiangsu produced a total of 3,332 vessels of various types in 1982, with an aggregate tonnage of 168,000. The number of vessels and total tonnage were respectively 14 percent and 18 percent more than the previous year. The provincial shipbuilding company is jointly operated by the Sixth Ministry of Machine Building and Jiangsu Province. Its products are exported to 14 other provinces. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 8 Jan 83]

LIAONING TRANSPORT ACHIEVEMENTS--In 1982, Liaoning Province newly built or rebuilt over 500 kilometers of highways owned by the government at or above county level and increased over 1,100 freight and passenger transport motor vehicles that were newly bought for replacing old ones or for adding to existing ones. The province also increased its total tonnage of shipping vessels to over 51,600 tons, a one time increase greater than the 1981 figure. Highway transport and shipping companies across the province prefulfilled their freight and passenger transport plans respectively by 1 month and by 72 days. The province opened 11 new highway passenger transport lines to traffic and extended 12 old lines, adding 1,200 kilometers of total length to its new passenger lines and over 370 stations and stops along the new lines. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 2 Jan 83]

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GENERAL

FORUM DISCUSSES ECONOMIC SYSTEM REFORM METHODS

Guangzhou GUANGZHOU RIBAO in Chinese 23 Dec 82 p 4

[Article: "Economic Structural Reform Must Follow Its Own Path"]

[Text] Recently, the Economic Research Center, the Economic Association, and the Economic Research Institute (under the Provincial Social Science Academy) of the Guangdong Province jointly organized a symposium in the city of Foshan on economic structural reform. The attendees included provincial and municipal economists, college and university economic researchers, and comrades who were involved with economic affairs.

Participants at the symposium all agreed that the designing of the overall structure of China's economic system should be done under the direction of Marxism-Leninism, taking into consideration our own conditions and laying out our own course. Some comrades added that, in the past, we tended to follow Stalin's theories of commodity production and models of economic organization in organizing social reproduction and regulating the distribution of social labor and its products, with unfortunate results. It follows that when we analyze foreign economic systems, we must take note of the different conditions existing in foreign countries. We can not simply copy some foreign economic system.

After an analysis of the present state of the economic system, the participants at the symposium pointed out that government involvement in the commercial sector and overlapping hierarchies of management are two major problems existing in our economic system. That system evolved to accommodate the objectives of growth in production. Now, our country has embarked on a new era of socialist commercialization. We emphasize commercial production and commercial marketing. To adjust to this change, we need a planned economic system that promotes commercial production and facilitates economic integration. Within such a system, business centers and economic districts should be linked together into a network, each interacting with one another. In addition, comprehensive economic planning, multi-level management, vertical coordination, and system harmonization are to be emphasized. Comrades also noted that we should consider our experience with structural economic reforms made over the past 3 years and work to improve the system.

Comrades at the symposium recommended an economic system that combines target planning, indicative planning, and voluntary production. Nevertheless, they differed in their understanding of the principle of "economic planning as primary, market adjustments as supplementary." The majority of the comrades thought that economic planning should be the key mechanism used in directing economic production; that laws of value and other economic levers can be used to ensure realization of the economic plan. Market adjustments, they said, refer mainly to the voluntary portion of the overall production. Other comrades said, however, that under commercialized production, it is the laws of value that regulate the market. Target planning and indicative planning have to take into account the market conditions; market adjustments are not only those spontaneously created by the laws of value, but also those created by manipulation of the laws of value.

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HONG KONG MEDIA ON CHINA

CHINA LIBERALIZES FOREIGN INVESTMENT POLICY

HK190314 Hong Kong HONG KONG STANDARD in English 19 Jan 83 Business Standard
p 1

[Article by Clara Tam in Guangzhou]

[Text] China is further liberalising its policy on foreign investment by allowing investment that is 100 percent owned by foreign industrialists into Guangdong Province. This big step towards a more relaxed and attractive investment climate was revealed yesterday by the Guangdong External Economic Commission Director Wei Nanjing at the ongoing finance and construction fair in Guangzhou.

Mr Wei said Guangdong Province will this year seek to introduce more "foreign funds, advanced technologies and facilities, adopting a form of leasing."

Under the province's external financial and technical cooperation scheme, investment in the form of "monopoly capital" will be accepted, in addition to the traditional forms of compensation trade, joint venture, cooperative management and processing or assembling with imported materials.

He defined monopoly capital as that which involves the setting up of an enterprise by a foreign investor in China with 100 percent ownership or proprietary rights. "The enterprise would be run by the investor alone and he himself assumes sole responsibility for his own profits and losses. The foreign trader should merely pay income tax and other tax payment stipulated in the Chinese tax regulations."

In direct investment, nearly 800 contracts were concluded, involving foreign capital of U.S.\$2.6 billion. These were in the form of joint ventures, cooperative management and compensation trade.

China expects to spend several years developing its agriculture and light industry and improving its economic efficiency and overall infrastructure, Mr Wei said.

China will continue to expand its economic and technical cooperation with foreign partners in the field of agriculture, energy, transportation and communications, light industry and petrochemicals.

"As for energy, foreign investment on cooperative exploitation is appreciated in introducing energy conservation technology, in power generation and on comprehensive utilisation of low grade coal and oil shale, in reformation of automatic power grid control system, and in the establishment of nuclear power stations," he said.

In transportation and communication, there are opportunities for cooperative projects, such as in the building of a freeway between Guangzhou, Shenzhen and Gonbei, laying a railroad from Meixian to Shantou, the construction of modern facilities and container wharves in Guangzhou and the revamping of telephone systems in Guangzhou, Shenzhen and Shantou.

In light industry, China is placing emphasis on the development of food processing industry, food packing equipment, textile mills and advanced knitting, printing and dyeing techniques and electrical products as well as car manufacturing and assembly.

Another seminar speaker, Yang Kwok-kuai, deputy manager of the Bank of China, Guangdong branch, said China plans to raise a considerable amount of funds overseas for its development projects, particularly for those related to agriculture and oilfields. China is seeking to quadruple the value of its total output to 2,800 billion yuan by the year 2,000 from 710 billion yuan in 1980, said Mr Yang. To do this, he estimates that China will need 64 billion yuan for industrial investment, 50 billion yuan for agricultural development, in addition to vast sums for the development of the South China Sea oilfield, the Shenzhen special economic zone and the Guangdong nuclear power station.

Much of these needs will be financed by the government but a considerable portion will be raised abroad, he told participants to the seminar.

Leasing in China has a bright future although this method of financing is relatively new to the country, he said. The Bank of China, he added, is doing a great deal to promote the concept of leasing in factories.

"We are preparing to introduce some selected projects belonging to the area of technical transformation which need key equipment to foreign financial establishments and we hope our banking friends will react positively in this respect.

"As everybody knows, China is such a broad potential market." He noted that at the end of 1982, over 40 banks have set up representative offices, showing their faith in the country's future development.

Turning to the Bank of China's operations, Mr Yang said the bank has been very successful in implementing new measures to help business. The bank sponsored or financed some 14,000 contracts in assembling, processing, compensation trade and joint ventures, valued at a total U.S.\$2.6 billion. "Among these contracts we already introduced over U.S.\$500 million as funds for equipment."

The Bank of China has increased its branches six-fold in Guangdong Province from eight in 1979 to 55 at the end of 1982. The bank provides credit guarantees to Chinese enterprises using foreign investment to encourage foreign cooperation.

GUANGDONG PROXIMITY TO HONG KONG A PLUS

HK260130 Hong Kong SOUTH CHINA MORNING POST in English 26 Jan 83 Business News p 1

[Article by Julie Auyeung]

[Text] The geographical proximity of Guangdong Province to Hong Kong has helped it achieve more substantial results than their Fujian or Guangxi, although all three are actively attempting to attract foreign investors with some success, a China expert said. The comment, resulting from a thorough study of the three southern provinces, was made yesterday by the director and vice-president of Ba Asia Ltd, Dr Robert Silin.

Dr Silin's research concludes that the special economic zones in Guangdong and Fujian should allow both provinces scope for expansion during the 1980s, while Guangxi will have to rely more heavily on the development of its natural resources.

In the synopsis on Guangdong Province, Dr Silin noted that Guangdong hopes to increase its exports of light industrial products, textiles and handicrafts. And to do so it will also increase imports of technology and equipment.

Target industries include sugar refining, paper making beverages, textiles, electronics, construction materials, and arts and crafts.

Investors in Guangdong can expect an increasing push for sophisticated joint projects. A parallel push to broaden the sources of investment funds, most of which now come from Hong Kong and Macao, is also evident.

Potential areas for foreign investments as noted in Dr Silin's report are transportation, communications, extraction of mineral resources and raising energy output.

Fujian Province--historically isolated politically and economically--will be in a "get-going period" for industrial developments in the 1980s. Along with the expansion of its light industries, certain heavy industrial sectors including oil refining, chemicals and glass will receive attention.

After the province has reached the "take-off stage" by 1985, it will be looking for double-digit growth in industry. The improved infrastructure will make possible growth in many industries which have been constrained by energy and transport bottlenecks in the past.

Guangxi's natural advantages--including harbours, a favourable climate and abundant resources--have combined with deliberate administrative measures to raise its international profile. The province is rich in mineral reserves such as lead, zinc, barite, bauxite, aluminium, limestone, manganese, talcum, tantalum, tin, tungsten, gypsum and salt.

Power generation constitutes one of the mainstays of Guangxi's economy and it is expected to expand substantially within this century.

Ba Asia's report on Guangdong, Fujian and Guangxi is part of a research series by its consulting group.

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GUANGDONG ECONOMIC OFFICIAL ON FOREIGN FUNDS

HK180753 Hong Kong TA KUNG PAO in Chinese 18 Jan 83 p 2

[Dispatch from Wang Chien [3769 0256]: "Provincial Economic Committee Chairman Wei Nanjin Says Guangdong Will Focus on Five Fields, Including Agriculture and Energy When Absorbing Future Foreign Investment"]

[Text] With efforts to restructure its economic system, Guangdong Province will continue to absorb foreign investment in the forms of joint ventures and compensation trade, which will concentrate on the following five fields: 1) Agriculture, animal husbandry and fishery; 2) energy exploitation and transportation; 3) light industry, textiles, food processing communications and electronics; 4) building materials and machine building and the chemical industry; 5) tourism, medical treatment, public health and sports. This was revealed by Wei Nanjin, chairman of the Guangdong Provincial Economic Committee on 17 January when he made a report on the special subject of Guangdong's joint investment with foreign countries at a meeting of exchanging experiences with foreign countries in financial and economic construction. Participating in the meeting were personages of banking, house-building and trading circles from Hong Kong and Macao.

Speaking of Guangdong's continuous efforts in promoting economic and technical cooperation with foreign countries in varied forms, Wei Nanjin gave the following indicators:

In the development of agriculture, animal husbandry and fishery, Guangdong plans to import good strains of domestic animals, fruits and vegetables, promote tropical and subtropical industrial crops, develop fishery cultivation by making full use of the province's coast land and improve the projects of reclaiming land from the sea.

In the field of energy, Guangdong welcomes foreign investors to exploit energy in cooperation. It will import techniques of energy conservation to make good use of poor quality coal and oil shale for electric power generation and other purposes, improve automatic control system of electricity supply and develop atomic power stations.

In the field of transportations and communications, Guangdong intends to cooperate with foreign countries for the following projects: A super-highway from Guangzhou to Shenzhen and Gongbei, a railway from Meixian County

to Shantou, modernizing equipment and building container wharfs for Guangzhou port, improving the telephone service in Guangzhou, Shenzhen and Shantou and building microwave communications from Guangzhou to the Hainan Island and Shantou.

In the fields of light industry, textiles and electronics industry, we will focus our efforts on transforming existing enterprises and developing food processing and packing. We will import modern equipment for textiles, knitting and silk dyeing, develop plastic and daily electrical products, import production lines for major components of electronics products and modern technology and key equipment for color photo film.

Guangdong is rich in raw materials for house-building. It plans to import advanced technologies for producing plate glass, clockglass and cement, techniques and equipment for producing aluminium alloy and foil, marble and celotex composition board.

In order to develop petrochemicals, we will speed up the construction of supply bases for oil exploitation in Nanhai, improve oil refining capacity, and develop processing industry of oil products and the manufacture of synthetic materials of primary petrochemicals.

Furthermore, by virtue of its machine-building capacity, Guangdong hopes to cooperate with foreign countries in the production of cars (including spare parts) and electrical machinery.

Meanwhile, on the principle of equality and mutual benefits, Guangdong is willing to cooperate with world consortiums in exploiting the rare metal barnhardtite and nonmetallic mines.

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